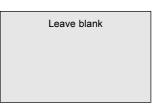
Surname				Othe	r Names				
Centre Nur	nber					Candid	ate Number		
Candidate Signature									



General Certificate of Education January 2004 Advanced Subsidiary Examination



ALLIANCE

ACCOUNTING ACC2

Unit 2: Financial Accounting: Introduction to Published Accounts of Limited Companies

Wednesday 14 January 2004 Afternoon Session

No additional materials are required.You may use a calculator.

Time allowed: 1 hour

Instructions

- Use blue or black ink or ball-point pen.
- Fill in the boxes at the top of this page.
- Answer all questions in the spaces provided.
- All workings must be shown and clearly labelled; otherwise marks for method may be lost.
- Make and state any necessary assumptions.
- Do all rough work in this book. Cross through any work you do not want marked.

Information

- The maximum mark for this paper is 80. This includes up to 4 marks for the Quality of Written Communication.
- Mark allocations are shown in brackets.
- You will be assessed on your ability to use an appropriate form and style of
 writing, to organise relevant information clearly and coherently, and to use
 specialist vocabulary, where appropriate. The degree of legibility of your
 handwriting and the level of accuracy of your spelling, punctuation and grammar
 will also be taken into account.

For Examiner's Use			
Number	Mark	Number	Mark
1			
2			
3			
4			
5			
6			
Total (Column 1)			
Total (Column 2)			
Quality of Written Communication			
TOTAL			
Examiner's Initials			

G/M130800/JAN04/ACC2 6/6/6/ **ACC2**

Answer all questions in the spaces provided.

1 Total for this question: 22 marks

The following balances have been extracted from the books of Positive Advertising plc at 31 December 2003:

	£000
Issued share capital:	
Ordinary shares of £1 each fully paid	2000
6% Preference shares of £1 each fully paid	500
Profit and loss account balance as at 1 January 2003	65
Revaluation reserve	70
Trade creditors and accrued expenses	35
Profit before tax for the year ended 31 December 2003	694
Taxation for the year ended 31 December 2003	208

The directors propose the following:

a full year's dividend on the preference shares; an ordinary share dividend of 4 pence per share.

REQ	UIRED
(a)	Prepare the profit and loss appropriation account for the year ended 31 December 2003.
	(8 marks)

(b)	Prepare the capital and reserves section of the balance sheet.
	Positive Advertising plc balance sheet extract as at 31 December 2003
	(5 marks)
(c)	Prepare the current liabilities section of the balance sheet.
	Positive Advertising plc balance sheet extract as at 31 December 2003
	(4 marks)
Whe	n preparing a balance sheet it is important to distinguish between long-term and current liabilities.
(d)	Give one example of a long-term liability.
	(1 mark)
(e)	Explain why it is important to distinguish between long-term and current liabilities.
	(4 marks)

Total for this question: 13 marks

The following balances were extracted from the ledgers of The Agricultural Supplies plc for the month of December 2003.

4

	£
Carriage outwards	450
Purchases	12 467
Rent and rates	1 300
Returns inwards	596
Returns outwards	367
Sales	26 579
Stock at 1 December	4 502
Stock at 31 December	3 692
Sundry expenses	3 200
Wages	5 600

REQUIRED
Prepare the trading and profit and loss account for the month ended 31 December 2003.
(13 marks)



Total for this question: 15 marks

REQUIRED

(a) Complete the following table to show on which side of a trial balance the items would be entered.

An example has been given.

ITEM	DEBIT or CREDIT
Debtors	Debit
Sales	
Bank overdraft	
Motor vehicles	
Carriage out	
Creditors	

(5 marks)

(b)	Even where a trial balance is drawn up using a computer there can be similar errors to a manual system.
	Describe two such errors.
	Error 1
	(3 marks)
	Error 2
	(3 marks)

(c)	Describe briefly two uses of a trial balance.
	(4 marks)



TURN OVER FOR THE NEXT QUESTION

Total for this question: 8 marks

REQUIRED
The managing director of Supermarket Supreme plc has asked you to prepare a short report explaining to shareholders the purpose of producing a cash flow statement each year.
То
From
Date
Subject
(report: 7 marks)



5

Total for this question: 12 marks

In the books of Jones and Simpson Ltd the following errors have been discovered after preparing the draft accounts for the year ended 31 October 2003.

- 1. The purchase of a machine costing £4000 has been included in the total for purchases.
- 2. Returns inwards of £640 have been omitted completely from the accounts.
- 3. The sales day book was undercast by £7800.
- 4. The wages were incorrectly stated as £89 000. The correct figure was £98 000.

The draft profit calculated was £67 000.

REQUIRED
(a) Calculate the corrected net profit for the year ended 31 October 2003.
Jones and Simpson Ltd Corrected Net Profit for the year ended 31 October 2003
(6 marks)

	sheet. Identify each sub-heading, item and amount involved.
	(6 mar
	Total for this question: 6 ma
EQ	UIRED
	directors and auditors have duties with regard to the accounts of limited companies. Expl their duties are.
hat	
hat	their duties are.
hat	their duties are.
hat	their duties are.
hat	their duties are. Directors' duties are:
rhat	their duties are. Directors' duties are: (3 mar
hat	their duties are. Directors' duties are:
hat (a)	their duties are. Directors' duties are: (3 mar
hat (a)	their duties are. Directors' duties are: (3 mar
that	their duties are. Directors' duties are: (3 mar

 $\overline{ 6 }$

6